

Legal Assistance Resource Center ❖ of Connecticut, Inc. ❖

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H.B. 5031 -- Three-month security deposit

Insurance Committee public hearing -- January 25, 2011

Testimony of Raphael L. Podolsky

<u>Recommended Committee action: NO ACTION</u>

This bill would allow landlords to demand a 3-month security deposit. This is an unreasonably high amount that is out of line with the laws of other states which regulate security deposits. The Committee should take no further action on this bill.

- The bill is unnecessary. Connecticut law at present allows the landlord to require 2 months' security deposit, plus the first month's rent. This means that a landlord can already require a tenant to come up with 3 months' rent just to move in. The bill allows an initial demand for 4 months' rent.
- The bill will be unreasonably burdensome to large numbers of renters. Most tenants do not have cash reserves to pay 4 months' rent in advance. In addition, a landlord legally has 30 days after a tenant vacates to return a security deposit. This means that a tenant who moves out often cannot use the old security as the security deposit in the new apartment. If the old landlord can hold 3 months' security and the new landlord wants 3 months' security plus first month's rent, the tenant has to be able to tie up more than 6 months' rent simultaneously.
- The bill exacerbates the problem of getting the security deposit returned at the end of a tenancy. Many landlords are responsible, but many are not, and some rarely return a deposit unless sued. This bill will allow such landlords to be holding \$3,000, \$4,000, or more of a tenant's funds at the end of a tenancy.
- The bill exacerbates issues of discrimination. It is not uncommon for landlords to reduce security deposits for tenants to whom they want to rent. Such reductions can hide discrimination based on race, age, sex, children, source of income, or other factors. The higher the security deposit, the easier it is to use it as a cover for discriminatory reductions.
- The bill threatens the effectiveness of the Section 8 program. A Section 8 tenant has a rent subsidy but must pay his or her own security deposit. The state's Security Deposit Guarantee Program will not cover more than two months' rent. A three-month requirement will make it easy for landlords, particularly in low-poverty areas away from a central city, to use security deposit requirements to exclude Section 8 voucher holders, contrary to the state Fair Housing Act.

